

**CHRIS GIBBONS SHOW "MID-DAY REPORT" – 702 Radio and Cape Talk
Tuesday, January 14, 2003 at 12h05**

Deputy Trade Representative Jon Huntsman Jr. (JH)
Chris Gibbons (Cape Talk) – CG

CG

Visiting SA at the moment - a high level US trade delegation. It's purpose - to pave the way for a Free Trade Agreement with the Southern African Customs Union.

Mid-Day Report spoke earlier to one of the key players in the US team, Deputy Trade Representative Jon Huntsman Jr. and asked him what progress was being made in the talks.

JH

Well, what we have been able to do so far is basically provide notification to our U.S. Congress about our intent to proceed with the FTA with the SACU. And I think it is worth noting that this really came out of a conversation held last year between our US Trade Representative Robert Zoellick and Minister Alec Erwin here of SA. Minister Erwin recommended that it would be worth looking in to. And of course we are looking for partners throughout the world as we begin to take a more prominent, aggressive posture in the area of international trade. Here we have the SACU which is (I think as far as I am concerned) the oldest customs union in the world. They have done an excellent job in bringing down barriers and coming together as five nations. We saw this as an excellent opportunity to use trade to develop further ties with this important region in the world but also use trade as an instrument of hope as well.

CG

What is the process from here on, Ambassador?

JH

The process will consist of allowing our Congress -- now that we have given them notification -- allowing them 90 days basically to review the state of play. Now during the 90 days we are allowed to consult with counterpart and officials of the SACU but not begin negotiations. We must wait for the 90 days to expire, which will be some time in mid-February. And once we reach mid-February we are allowed to proceed. And at that point will be able to sit down and basically frame what essentially will be the content for this FTA. In other words like any FTA, there will be chapters within the agreement and the parties will get together and determine what chapters are the most important for this relationship.

CG

On the surface it sounds very simple but of course it is much more complicated and is quite a time consuming process.

JH

That is correct. One example I would use, Chris, is -- I would point to Singapore which is basically wrapped up our FTA with Singapore. This is an agreement that was launched two years ago with the intent that it would maybe take about two months to wrap up. Well, here in working with Singapore which is very advanced economically and it did not take two months. It did not take six months. It did not take a year. But rather it took two years to complete. But we also wanted to make sure that it was a world-class FTA, one that was all-inclusive and very comprehensive and one that would basically be an example for the Asia Pacific region. Well, similarly I think we have an opportunity here to craft a comprehensive, a meaningful FTA, one where there will be elements of what we call capacity building. And that means allowing some of the nations involved as part of SACU to learn with us as we go. For them to have some of their government ministries and participants fortified in terms of how free trade agreements are negotiated. So it is difficult to say how long it is going to take. It might take two years. It might take longer but we want to make sure that the end result is one that lives and provides a solid economic foundation here in SA and one that allows for greater confidence and a greater inflow of investment and also stimulates exports from both the US and from SA to the US.

CG

Without pre-empting obviously any of the negotiations that lie ahead, what have been the kind of stumbling blocks with similar agreements in the past?

JH

You know they are all a little bit different based upon history; based upon geographic location; based upon the type of government; based upon how many people you might be negotiating with. Now you have to remember the US is not that experienced in free trade agreements. We've got basically an agreement with Canada and Mexico called NAFTA, we've got our first FTA in the Arab world with Jordan that was completed about two years ago. We've got a FTA which is finished with Singapore and Chile. That is basically the extent of it. We have announced our intention to proceed with Australia, with Morocco and now with the SACU and in each place it will be a little bit different. You are dealing with differences and peculiarities that really are not predictable until you get well into the negotiation. But you know we are going to cover lots of important areas from respect for intellectual property rights to basic issues of trade facilitation which is getting your goods across in a way that does not require an onerous amount of paperwork and bureaucracy. We will be looking basically at rates of tariffication and making sure that all the important industry sectors are included in this undertaking.

CG

You mentioned, Ambassador, the NAFTA agreement very obviously the biggest so far from the US perspective. Has that worked?

JH

It has worked quite well. There were many (inaudible) in the beginning but as the results have come in over the last few years, I think it is safe to say, that for the American [people] it has resulted in effectively a tax break of about three to four thousand dollars per family, a family of four people, simply because products are being brought in at a price that would be cheaper than otherwise would be the case. It has not been a job loser but rather forced the US to move into industry areas and industry sectors that perhaps it would not have thought of before and in which they are even more competitive than perhaps they would have been before.

CG

Final question, Ambassador, I know you described in your opening remark the possibility of this agreement as being "a beacon of hope". Why hope?

JH

Well, because trade has to carry with it a dimension of hope. It has to build; it has to provide confidence; it has to spur on entrepreneurial activity. Trade is not just about exchanging goods and services and pulling out your calculator at the end of the day to see what it all adds up to. It's got to lead to a sense of hope in terms of bringing a better lifestyle to people who are looking for it; in terms to improving those people who are without economic opportunity giving them a chance to participate in the free market system giving them a chance basically to ply their wares or to use their ideas in entrepreneurial sense within the market place. So the US very much sees trade as something that is just beyond merchandise but rather something that is also a tool for building hope as well.

CG

Fine vision -- a long road ahead. Good luck to all involved. And that was Jon Huntsman Jr., U.S. Deputy Trade Representative. Thank you for joining me on the mid day report.

JH

Bye-bye.

End of transcript.

